



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 11, 2003

S. 1248

Individuals with Disabilities Education Improvement Act of 2003

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions
on June 25, 2003*

SUMMARY

S. 1248 would reauthorize the Individuals with Disabilities Education Act (IDEA) through 2009. The bill also would amend two programs that are permanently authorized by IDEA, create four new programs, and amend the Rehabilitation Act of 1973.

CBO estimates that the bill would authorize additional appropriations of \$841 million in 2004, for a total of about \$10.2 billion in that year (including the two programs that are permanently authorized). CBO estimates that the new authorizations under S. 1248 would total about \$5.3 billion over the 2004-2009 period, assuming that annual levels are adjusted for inflation. CBO estimates that appropriations of those authorized levels would result in additional outlays of \$4.0 billion over the 2004-2009 period.

Enacting S. 1248 would affect direct spending. CBO estimates that the new state grants for rehabilitation services for students with disabilities would increase mandatory outlays by \$139 million in 2004 and \$1.8 billion over the 2004-2013 period.

S. 1248 contains no intergovernmental or private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA). Any requirements on states or educational institutions would be conditions for receiving federal grants; the bill would authorize more than \$4 billion over the 2004-2009 period in additional funding for such grants.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1248 is shown in Table 1. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF S. 1248, THE INDIVIDUALS WITH DISABILITIES EDUCATION IMPROVEMENT ACT OF 2003

	By Fiscal Year, in Millions of Dollars						
	2003	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION							
Baseline Spending Under Current Law							
Estimated Authorization Level ^a	9,434	9,323	9,506	9,708	9,910	10,130	10,350
Estimated Outlays	8,152	9,484	9,580	9,595	9,755	9,963	10,180
Proposed Changes							
Estimated Authorization Level	0	841	857	875	893	913	933
Estimated Outlays	0	17	547	809	868	886	905
Spending Under S. 1248							
Estimated Authorization Level	9,434	10,164	10,364	10,583	10,803	11,042	11,282
Estimated Outlays	8,152	9,501	10,127	10,404	10,623	10,849	11,086
DIRECT SPENDING							
Baseline Spending Under Current Law ^b							
Estimated Budget Authority	2,533	2,587	2,645	2,706	2,772	2,840	2,911
Estimated Outlays	2,515	2,569	2,626	2,686	2,750	2,818	2,888
Proposed Changes							
Estimated Budget Authority	0	198	205	212	220	228	236
Estimated Outlays	0	139	197	210	218	225	233
Spending Under S. 1248							
Estimated Budget Authority	2,533	2,785	2,850	2,918	2,992	3,068	3,147
Estimated Outlays	2,515	2,708	2,823	2,896	2,968	3,043	3,121

NOTE: Components may not sum to totals because of rounding.

a. The 2003 level is the amount appropriated for that year for all IDEA programs. The 2004-2009 levels are the baseline amounts for the Grants to States and the Preschool state grants programs, which are permanently authorized under IDEA. The 2004 level includes an advance appropriation of \$5.7 billion in the Grants to States program.

b. Projected spending is CBO's baseline for state grants for rehabilitation services and handicapped research.

BASIS OF ESTIMATE

S. 1248 would reauthorize the Individuals with Disabilities Education Act through 2009. All IDEA programs were authorized in 2003 by the General Education Provisions Act (GEPA), and the two largest programs—Grants to States and Preschool state grants—are permanently authorized. S. 1248 would amend those two programs, create four new programs, and amend the Rehabilitation Act of 1973.

Most programs authorized under IDEA would be reauthorized at such sums as may be necessary for 2004 through 2009. For existing programs, the estimated authorization level is the 2003 appropriated amount inflated (i.e., a baseline projection). For new programs, if amounts are not specified, the estimated authorization level is CBO's projection of what it would cost to implement the new program. If funding is specified, CBO's estimate of authorized levels is the authorized amount for 2004 with that amount inflated in later years. As noted above, funding for the Grants to States and Preschool state grants programs is already permanently authorized at such sums as may be necessary, so the estimate assumes that funding would continue at the baseline level.

State grants for rehabilitation services are classified as mandatory or direct spending under the Budget Enforcement Act of 1990. Although the specific authorization for the grants expired in 2002, automatic one-year extensions under the Rehabilitation Act of 1973 and GEPA authorize the grants through 2004. Under section 257 of the Balanced Budget and Emergency Deficit Control Act, CBO is required to assume a permanent continuation of the program for baseline purposes. The estimated costs for the bill's authorization of state grants for students with disabilities are projected to increase with inflation and with the number of students with disabilities ages 14 to 21.

The current-law levels for 2003 shown in tables 1 and 2 are the amounts appropriated that year for all programs. Amounts authorized under current law for years 2004 through 2009 are CBO's baseline projections for the two programs that are permanently authorized and include an advance appropriation of \$5.7 billion in 2004 for the Grants to States program.

CBO estimates that S. 1248 would authorize additional appropriations of \$841 million in 2004 and additional funding of \$5.3 billion over the 2004-2009 period assuming that "such sums" amounts are adjusted for inflation. If the authorized amounts are appropriated, outlays would increase by \$17 million in the first year and by \$4.0 billion over the six-year period. In addition, if S. 1248 were enacted, CBO estimates that direct spending (for the new state grants for rehabilitation services) would increase by \$139 million in 2004 and by \$1.8 billion over the 2004-2013 period.

Spending Subject to Appropriation

Table 2 presents CBO's estimates of spending subject to appropriation with inflation adjustments for the various components of each title under S. 1248. The estimated outlays reflect historical rates of spending for the affected programs or for similar programs.

TABLE 2. DETAILED EFFECTS OF S. 1248, THE INDIVIDUALS WITH DISABILITIES EDUCATION IMPROVEMENT ACT OF 2003, WITH ADJUSTMENTS FOR INFLATION

	By Fiscal Year, in Millions of Dollars						
	2003	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION							
IDEA Spending Under Current Law							
Budget Authority/Authorization Level ^a	9,434	9,323	9,506	9,708	9,910	10,130	10,350
Estimated Outlays	8,152	9,484	9,580	9,595	9,755	9,963	10,180
Proposed Changes:							
Title I: Amendments to the Individuals with Disabilities Education Act							
Infants and Toddlers State Grants							
Estimated Authorization Level	0	442	450	460	469	480	490
Estimated Outlays	0	9	287	425	456	466	476
State Professional Development Grants and Personnel Preparation							
Estimated Authorization Level	0	52	53	54	56	57	58
Estimated Outlays	0	1	34	50	54	55	56
Personnel Development							
Estimated Authorization Level	0	93	95	97	99	102	104
Estimated Outlays	0	2	61	90	97	99	101
Technology Development, Demonstration and Utilization; Media Services							
Estimated Authorization Level	0	39	39	40	41	42	43
Estimated Outlays	0	1	25	37	40	41	42
Access of Instructional Materials							
Estimated Authorization Level	0	5	5	5	5	5	6
Estimated Outlays	0	*	3	5	5	5	5

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars						
	2003	2004	2005	2006	2007	2008	2009
Parent Training and Information Centers, Community Parent Resource Centers, and other activities							
Estimated Authorization Level	0	81	82	84	86	88	90
Estimated Outlays	0	2	53	78	83	85	87
Interim Alternative Education Settings, Behavioral Supports and Whole School Interventions							
Estimated Authorization Level	0	50	51	52	53	54	56
Estimated Outlays	0	1	33	48	52	53	54
Title III: National Center for Special Education Research							
Estimated Authorization Level	0	79	80	82	83	85	87
Estimated Outlays	0	2	51	76	81	83	85
Title IV: Commission on Universal Design and the Accessibility of Curriculum and Instructional Materials							
Estimated Authorization Level	0	1	1	0	0	0	0
Estimated Outlays	0	1	1	*	0	0	0
Total Proposed Changes							
Estimated Authorization Level	0	841	857	875	893	913	933
Estimated Outlays	0	17	547	809	868	886	905
Total Discretionary Spending Under S. 1248							
Estimated Authorization Level	9,434	10,164	10,364	10,583	10,803	11,042	11,282
Estimated Outlays	8,152	9,501	10,127	10,404	10,623	10,849	11,086

NOTES: Components may not sum to totals because of rounding.

* = Less than \$500,000.

- a. The 2003 level is the amount appropriated for that year for all IDEA programs. The 2004 through 2009 levels are the baseline amounts for the Grants to States and the Preschool state grants programs which are permanently authorized under IDEA. The 2004 level includes an advance appropriation of \$5.7 billion for the Grants to States program.
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Title I: Amendments to the Individuals with Disabilities Education Act. Title I of the bill would amend programs authorized under the IDEA. CBO estimates that this title's additional IDEA authorizations would total \$762 million in 2004 and \$4.8 billion over the 2004-2009 period. We estimate that the resulting outlays would be about \$15 million in 2004 and \$3.7 billion over the 2004-2009 period.

Grants to States. S. 1248 would authorize such sums as may be necessary for the Grants to States program. Because the program is already permanently authorized at such sums, we assume that funding would continue to be authorized at the current baseline level.

The state grant program provides formula grants to states to assist them in covering the excess costs of providing special education services to children with disabilities. Funding for this program currently is provided on an academic-year basis through appropriations in two separate fiscal years: a forward-funded appropriation which is available July 1 of the current fiscal year, and an advance appropriation available October 1 of the next fiscal year. Although the program has been funded by two separate appropriations since 2001, funding does not need to be authorized separately because all of the funds for an academic year could be provided in one appropriation. The program is funded at just under \$8.9 billion in academic year 2003-2004 (\$3.2 in 2003 and \$5.7 billion in 2004).

Preschool State Grants. S. 1248 would authorize such sums as may be necessary for the Preschool grants program. The Preschool state grants program is already permanently authorized at such sums as may be necessary so the bill would not change current authorizations for this program. The Preschool program provides additional grants to states for providing special education services to children with ages 3 through 5. The program is funded at \$387 million in 2003.

Infants and Toddlers with Disabilities. S. 1248 would reauthorize the infants and toddlers state grant program at such sums as may be necessary in years 2004 through 2009. The infants and toddlers program provides funds to states for early intervention and identification activities. The program is funded at \$434 million in 2003 and CBO estimates that the authorization for 2004 would be about \$442 million under S. 1248. Assuming annual adjustments for inflation, we estimate a six-year total authorization of \$2.8 billion.

State Professional Development Grants. The bill would authorize such sums as may be necessary for years 2004 through 2009 for state professional development grants. The state professional development grant program provides grants to states to help them improve their systems for professional development and providing special education services. Funds can be used for personnel preparation, in-service training, and other activities. Grants are distributed on a competitive basis in years that the appropriation is less than

\$100 million and would be distributed partly based on a formula if the appropriation exceeds that amount. The current state improvement program is funded at \$51 million in 2003 and CBO estimates that the bill would authorize the appropriation of \$52 million for 2004 and \$330 million over the next six years.

Personnel Development to Improve Services and Results for Children with Disabilities. The bill would authorize such sums as may be necessary in years 2004 through 2009 for competitive awards to institutions of higher education and other organizations to fund programs that help address needs for highly qualified personnel in special education, and other activities. Comparable activities are funded at \$92 million in 2003 and CBO estimates that the bill would authorize funding of \$93 million for 2004 and \$590 million over the 2004-2009 period.

Technology Development, Demonstration and Utilization, and Media Services. S. 1248 would authorize such sums as may be necessary for programs that provide funds for activities that increase access to the classroom for children with disabilities. These programs focus on services for individuals who are deaf or blind such as video and closed captioned television. Comparable activities are funded at \$38 million in 2003 and CBO estimates that the authorization would be \$39 million of 2004 and \$244 million over the 2004-2009 period.

Access of Instructional Materials. S. 1248 would create a National Instructional Materials Access center to coordinate the acquisition and distribution of materials for the blind. The center would collect electronic files from book publishers and catalogue, store and distribute the electronic files to authorized entities free of charge. The department would award a contract to a nonprofit organization to administer the center. The bill would permanently authorize funding at such sums as may be necessary and based on discussions with Congressional staff and the Department of Education on the intent and scope of the center, CBO estimates that the annual cost to create and operate the center would be between \$5 million and \$6 million over the next six years.

Parent Training and Information Centers, Community Parent Resource Centers, Technical Assistance for Parent Training and Information Centers, Technical Assistance and Demonstration, Dissemination of Information, and Implementation of Scientifically Based Research. The bill would authorize such sums as may be necessary in years 2004 through 2009 for parent training and information centers, community parent resource centers, technical assistance, and activities that support scientifically based research. The regional centers provide information, training, and referral services to parents of children with disabilities. Comparable activities are funded at \$79 million in 2003 and CBO estimates that the bill would authorize funding of \$81 million for 2004 and \$511 million over the 2004-2009 period.

Interim Alternative Educational Settings, Behavioral Support, and Whole School Interventions. S. 1248 would create a new competitive grant program to provide grants to organizations to establish practices related to student behavior. Practices could include early screening efforts, training for school staff on positive behavioral interventions, and on-site counseling services. The bill would authorize \$50 million in 2004 and such sums as may be necessary for the next five years. Assuming adjustments for inflation, we estimate that the bill would authorize the appropriation of \$316 million for this purpose over the 2004-2009 period.

Title III: National Center for Special Education Research. Title III of the bill would create a National Center for Special Education Research within the Institute of Education Sciences and authorize such sums as may be necessary for each of the fiscal years 2004 through 2009. The new center would replace the current special education research and innovation program and would conduct research and evaluation related to the needs of children with disabilities. The current research program is funded at \$77 million in 2003 and CBO estimates that the authorization would be about \$79 million in 2004 and \$496 million over the 2004-2009 period. Resulting outlays would be about \$2 million in 2004 and \$377 million over the 2004-2009 period.

Title IV: Commission on Universal Design and the Accessibility of Curriculum and Instructional Materials. Title IV of the bill would establish a commission to study, evaluate, and make recommendations to the Congress and the Secretary of Education on design and accessibility of curriculum for children with disabilities. The bill would authorize \$750,000 for 2004 and such sums as may be necessary for 2005 for the Commission. CBO estimates that the resulting outlays would be less than \$1 million in 2004 and about \$1.5 million over the 2004-2009 period.

Direct Spending

Table 3 displays the changes in direct spending over the 2003-2013 period. S. 1248 would have no impact on governmental receipts (i.e., revenues).

TABLE 3. ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF S. 1248

	By Fiscal Year, in Millions of Dollars										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Changes in outlays	0	139	197	210	218	225	233	241	249	75	8
Changes in receipts	Not applicable										

Title II of the bill expands the scope of the Rehabilitation Act of 1973 to cover certain services provided to students with disabilities for ages 14 through 21 designed to prepare the students for postsecondary education or employment. These services may include but are not limited to needs assessment, counseling, and training. The bill would directly authorize these grants through 2009, but automatic one-year extensions under the Rehabilitation Act and under the General Education Provisions Act would authorize the grants through 2011.

State grants for vocational rehabilitation services have been classified as direct spending under the Budget Enforcement Act of 1990. S. 1248 creates separate funding for services to be provided to students with disabilities, but there are strong linkages between the delivery of services under the two authorizations. In CBO's view, the delivery of services to the students and nonstudents constitutes a single program for which the funding is mandatory.

CBO estimates that the services authorized by title II would cost about \$1.8 billion over the 2004-2013 period. The potential costs of the expansion could be significantly higher or lower than CBO currently estimates, as caseloads and types of services that would be delivered are highly uncertain at this time.

CBO's estimate assumes that 2.0 million to 2.2 million disabled students per year would be in the age range covered by S. 1248. CBO assumes that, as under the existing program, the students would be screened to determine as to whether they are likely to benefit from receiving the proposed services. This screening would mean that a significant portion—perhaps 25 percent to 30 percent—would receive few or no services. Of those deemed likely to benefit, CBO assumes an annual cost of \$171 per student in 2004 rising to around \$200 by 2009. This average cost figure is based on program data for 1999, and reflects the assumption that many students would not need services each year and that, for

a significant portion of the services, the services would be largely needs assessment including advice about postsecondary educational opportunities. For the purposes of this estimate, CBO assumes that states will supply the necessary matching funds (21.3 percent of the total spending) costing them \$54 million in 2004 rising to \$64 million in 2009.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The provisions of IDEA apply to states and educational institutions as recipients of federal grants. Consequently, any requirements that would be created or extended by S. 1248, would be conditions of federal aid and not intergovernmental or private-sector mandates as defined by UMRA. (Any mandate for the provision of special education results from other federal statutes). Under current law, states are receiving about \$8.9 billion in academic year 2003 from IDEA, which CBO estimates equals about 18 percent of the average per pupil expenditure for all children. Title I would authorize \$3 billion for state professional development grants and infant and toddler programs over the 2004-2009 period. Over the same time period, title II would make available an additional \$1 billion to states for programs directed at 14 to 21-years-old. Other sections of the bill would authorize additional grants—some of which would be available to state and local entities. Any costs to match such funds or administer programs would be voluntary.

PREVIOUS CBO ESTIMATE

On April 28, 2003, CBO transmitted a cost estimate for H.R. 1350, the Improving Results for Children with Disabilities Act of 2003, as ordered reported by the House Committee on Education and the Workforce on April 10, 2003. H.R. 1350 would authorize different amounts of funding for most programs, would not create new programs, and would not amend the Rehabilitation Act of 1973.

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